

Message Text

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PAGE 01 NOUAKC 00213 281744Z

42

ACTION AF-06

INFO OCT-01 ISO-00 EB-07 SS-15 SP-02 L-03 INR-07 /041 W

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P 281627Z JAN 76

FM AMEMBASSY NOUAKCHOTT

TO SECSTATE WASHDC PRIORITY 5036

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E.O. 11652: N/A DECONTROL 31 JANUARY 1977

TAGS: EFIN EAID EIND MR

SUBJECT: SUGAR REFINERY: EX-IM BANK FINANCING

PSREF: 75 NOUAKCHOTT 2143 B. LETTER TO AF/W (BISHOP) DATED 18
DECEMBER 1975

1. GIRM MINISTER OF INDUSTRIALIZATION OULD RAJEL MADE SPECIAL
POINT ON SEVERAL OCCASIONS BEFORE, AT TIME OF, AND AFTER DES-
PATCHING GOVERNMENT'S RESPONSE TO EX-IM BANK QUESTIONS TO
UNDERSCROE
TO ME CRITICAL GIRM NEED FOR PROMPT ACCESS TO EX-IM
CREDIT LINE, AND HENCE SPECIAL IMPORTANCE OF RAPID ACTION BY
EX-IM. REFLECTING HIS TECHNICAL/SCIENTIFIC BACKGROUND, RAJEL
REPORTED HE HAD SYSTEMATICALLY WORKED OUT DETAILED CALCULATIONS
OF COMPARATIVE COSTS OF ALTERNATIVE FINANCING METHODS, AND HAD
CONCLUDED THAT BREAK POINT BETWEEN PROMPT AVAILABILITY OF
HIGH-INTEREST RATE EX-IM LOAN AND LATE WINTER AVAILABILITY OF
LOW-COST COMMERCIAL BANK LOAN WAS FEBRUARY 10. ACCORDING
RAJEL, IF GIRM DOES NOT HAVE USE OF EX-IM MONEY BEFORE FEBRUARY
TENTH, IT CAN SAVE SIGNIFICANT AMOUNT IN INTEREST COSTS BY
GOING STRAIGHT COMMERCIAL LOAN ROUTE. HE SPOKE AS IF THIS
OPTION WERE REAL, AND IMPLIED THAT GIRM HAD ALREADY
ORGANIZED PRELIMINARIES. IN ADDITION, AMENDMENT OF LANG/PRITCHARD
CONTRACT REQUIRES FOLLOW-ON CREDIT ARRANGEMENT IN PLACE

BY FEBRUARY 12 TO PERMIT DISBURSEMENT TO L/P IN MARCH.

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PAGE 02 NOUAKC 00213 281744Z

2. AF/W WILL RECALL THAT RAJEL TOLD ME THAT HE AT

LEAST (IF NOT GIRM MORE GENERALLY)REGARDED EX-IM SUGAR
REFINERY LOAN AS TEST CASE. IN SPITE OF MY BEST EFFORTS
TO CONVINCE MINISTER THAT STATE DEPT. COULD NOT RPT NOT
ORDER EX-IM TO DO ANYTHING, RAJEL PERSISTS IN BELIEVING
THAT EX-IM AS US GOVERNMENT BANK IS RESPONSIVE TO AND
REFLECTS USG POLICY. HENCE HE INTENDS TO INTERPRET
EX-IM DECISION, WHATEVER IT IS, AS MANIFESTATION OF
USG POLITICAL/ECONOMIC POLICY TOWARD MAURITANIA AND
MAURITANIAN ECONOMIC DEVELOPMENT PROGRAM.

3. SINCE MISSION (A) HAS HEARD NOTHING FROM EX-IM OR
STATE ON CURRENT STATE OF PLAY, AND (B) WOULD LIKE TO
BE IN POSITION TO RESPOND EFFECTIVELY TO THE MINISTERIAL
INQUIRY WHICH IS INEVITABLE IN NEXT TEN DAYS, WE WOULD
BE VERY GRATEFUL FOR STATUS REPORT AND, IF NECESSARY, A
CREDIBLE EXPLANATION/JUSTIFICATION THEREFOR.HANDYSIDE

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Margaret P. Grafeld
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